



GOV. MSG. NO. 1120

EXECUTIVE CHAMBERS
HONOLULU

DAVID Y. IGE
GOVERNOR

April 23, 2015

The Honorable Donna Mercado Kim,
President
and Members of the Senate
Twenty-Eighth State Legislature
State Capitol, Room 409
Honolulu, Hawaii 96813

The Honorable Joseph M. Souki,
Speaker and Members of the
House of Representatives
Twenty-Eighth State Legislature
State Capitol, Room 431
Honolulu, Hawaii 96813

Dear President Kim, Speaker Souki, and Members of the Legislature:

This is to inform you that on April 23, 2015, the following bill was signed into law:

SB1106 SD2

RELATING TO THE MEDICAID MANAGED CARE
PROGRAM
ACT 020 (15)

Sincerely,

DAVID Y. IGE
Governor, State of Hawaii

RECEIVED
SENATE
OFFICE OF THE PRESIDENT

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A BILL FOR AN ACT

RELATING TO THE MEDICAID MANAGED CARE PROGRAM.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. In 1994, Hawaii's medicaid program began using
2 a managed care delivery system called QUEST. QUEST stands for
3 quality care, universal access, efficient utilization,
4 stabilizing costs, and transforming the way health care is
5 provided. QUEST provides medically necessary primary and acute
6 care to families, parent or caretaker relatives, and children.
7 In 2009, the State's medicaid program implemented a second
8 program provided through a managed care delivery system called
9 QUEST Expanded Access (QExA). QExA provides primary and acute
10 care services, as well as long term care services, to
11 individuals who are over sixty-five years of age, or determined
12 to be disabled or legally blind.

13 Effective January 1, 2015, the QUEST and QExA managed care
14 programs were combined and replaced by the QUEST Integration
15 program, also provided through a managed care delivery system.
16 The purpose of this Act is to amend statutes that refer to QUEST



1 and QExA and change the terminology to read "medicaid managed
2 care" or "medicaid managed care program".

3 SECTION 2. Section 103F-402, Hawaii Revised Statutes, is
4 amended by amending subsection (a) to read as follows:

5 "(a) State agencies to which the legislature has
6 appropriated funds for the purchase of health and human services
7 shall solicit proposals to provide health and human services by
8 purchase of health and human services contracts, by publishing a
9 notice requesting the submission of health and human service
10 proposals; provided that a purchasing agency shall not solicit
11 proposals for any [QUEST] medicaid managed care contract under
12 this section if the anticipated contract sum exceeds
13 \$100,000,000 and the commencement date of the contract is after
14 the expiration of the term of office of the head of the
15 purchasing agency. Notice of the request for proposals shall be
16 given a reasonable time before the date set forth in the request
17 for submission of proposals. The policy board shall adopt rules
18 which specify:

19 (1) The form of the notice;

20 (2) What constitutes a reasonable interim between notice

21 and the proposal submission deadline; and



(3) How the notice is to be published, including whether the publication is to be completed in a newspaper of general circulation, by mail, through a public or private telecommunications network, or any other method or combination of methods which the board deems appropriate."

SECTION 3. Section 346-41.5, Hawaii Revised Statutes, is amended to read as follows:

"§346-41.5 Hawaii qualified health centers. If the ~~[QUEST]~~ medicaid managed care program is implemented, the department shall provide a supplemental capitation program for the uninsured with enabling services based on an annual cost-based determination to all Hawaii qualified health centers ~~[-(HQCes)-]~~ and to any nonprofit entity having a majority of Hawaii qualified health centers as board members.

For the purposes of this section, "enabling services" includes enabling services as defined by federally qualified health center standards. The department shall have the administrative flexibility to expend funds through ~~[QUEST]~~ medicaid managed care contracts, through a modified voucher system, or through chapter ~~[42D-]~~ 42F. Hawaii qualified health



1 centers receiving these supplemental payments shall reconcile
2 their costs on an annual basis."

3 SECTION 4. Section 346-53.64, Hawaii Revised Statutes, is
4 amended by amending subsection (a) to read as follows:

5 "(a) Services eligible for prospective payment system
6 reimbursement are those services that are furnished by a
7 federally qualified health center or rural health clinic that
8 are:

- 9 (1) Within the legal authority of a federally qualified
10 health center to deliver, as defined in section 1905
11 of the Social Security Act;
- 12 (2) Actually provided by the federally qualified health
13 center, either directly or under arrangements;
- 14 (3) Covered benefits under the medicaid program, as
15 defined in section 4231 of the State Medicaid Manual
16 and the Hawaii medicaid state plan;
- 17 (4) Provided to a recipient eligible for medicaid
18 benefits;
- 19 (5) Delivered exclusively by health care professionals,
20 including physicians, physician's assistants, nurse
21 practitioners, nurse midwives, clinical social



1 workers, clinical psychologists, and other persons
2 acting within the lawful scope of their license or
3 certificate to provide services;

4 (6) Provided at the federally qualified health center's
5 practice site, a hospital emergency room, in an
6 inpatient setting, at the patient's place of
7 residence, including long term care facilities, or at
8 another medical facility; and

9 (7) Within the scope of services provided by the State
10 under its fee-for-service medicaid program and its
11 ~~[health QUEST]~~ medicaid managed care program, on and
12 after August 1994, and as amended from time to time."

13 SECTION 5. Section 346-59.4, Hawaii Revised Statutes, is
14 amended to read as follows:

15 **"§346-59.4 Medical assistance to other children.** The
16 department shall provide state-funded medical assistance, of up
17 to two hundred per cent of the federal poverty level for Hawaii,
18 to persons less than nineteen years of age who are:

19 (1) Legal permanent residents who arrived after August 22,
20 1996;



1 (2) Persons who are permanently residing under color of
2 law; and

3 (3) Nonimmigrants from the Trust Territories of the
4 Pacific Islands who are citizens of:

5 (A) The Marshall Islands;

6 (B) The Federated States of Micronesia; or

7 (C) Palau,

8 as defined by the Compact of Free Association Act of
9 1985, P.L. 99-239, or the Compact of Free Association
10 between the United States and the Government of Palau,
11 P.L. 99-658,

12 who are otherwise eligible for benefits under the State's
13 medicaid [~~programs, including QUEST~~] program and the State's
14 children health insurance program, but are ineligible due to
15 restricted eligibility rules imposed by title XXI of the Social
16 Security Act, the Personal Responsibility and Work
17 Reconciliation Act of 1996, the Compact of Free Association Act
18 of 1985, P.L. 99-239, the Compact of Free Association between
19 the United States and the Government of Palau, P.L. 99-658, or
20 any other provision of federal law denying medical assistance to



1 nonimmigrants who are citizens of the Marshall Islands, the
2 Federated States of Micronesia, or Palau."

3 SECTION 6. Section 346-59.9, Hawaii Revised Statutes, is
4 amended by amending subsection (a) to read as follows:

5 "(a) This section shall apply only to the [~~QUEST, QUEST~~
6 ~~Expanded Access,~~] medicaid managed care and fee-for-service
7 programs administered by the department when the department or
8 the department's contracted health plan is the primary insurer.
9 When the department is the secondary insurer, the department and
10 its contracted health plans shall be responsible only for the
11 secondary insurer's share of any psychotropic medication covered
12 by the primary insurer."

13 SECTION 7. Section 346-59.9, Hawaii Revised Statutes, is
14 amended by amending subsection (g) to read:

15 "(g) The department and its [~~QUEST~~] medicaid managed care
16 contracted health plans shall have the authority to investigate
17 fraud, abuse, or misconduct."

18 SECTION 8. Section 346-352, Hawaii Revised Statutes, is
19 amended to read as follows:

20 "**§346-352 Preauthorization exemption for certain**
21 **physicians and physician assistants.** Any physician or physician



1 assistant licensed in this State who treats a medicaid recipient
2 patient suffering from the human immunodeficiency virus,
3 acquired immune deficiency syndrome, or hepatitis C, or who is a
4 patient in need of transplant immunosuppressives, may prescribe
5 any medications approved by the United States Food and Drug
6 Administration and that are eligible for Omnibus Budget
7 Reconciliation Rebates Act (OBRA), that are necessary to treat
8 the condition, without having to comply with the requirements of
9 any preauthorization procedure established by any other
10 provision of this chapter. This section shall not apply to
11 ~~[QUEST]~~ medicaid managed care medical plans."

12 SECTION 9. Section 461-10.5, Hawaii Revised Statutes, is
13 amended by amending subsection (d) to read as follows:

14 "(d) Remote dispensing pharmacies shall not provide
15 medications to patients with health insurance coverage, except
16 for:

17 (1) Patients covered by ~~[QUEST,]~~ medicaid managed care
18 programs;

19 (2) Patients served at a facility operated by a health
20 maintenance organization regulated pursuant to chapter
21 432D; or



(3) Patients residing on an island without a pharmacy or in remote areas without an existing pharmacy within a five mile radius. A remote dispensing pharmacy established pursuant to this subsection may continue to operate in the same location if a pharmacy is subsequently established on the same island as the remote dispensing pharmacy or in the remote area without an existing pharmacy within a five-mile radius; provided that the remote dispensing pharmacy shall no longer be authorized to dispense controlled substances."

SECTION 10. Statutory material to be repealed is bracketed and stricken. New statutory material is underscored.

SECTION 11. This Act shall take effect upon its approval.

APPROVED this 23 day of APR, 2015



GOVERNOR OF THE STATE OF HAWAII